

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

FILED

JUL 22 2020

U. S. DISTRICT COURT
EASTERN DISTRICT OF MO
ST. LOUIS

UNITED STATES OF AMERICA,

Plaintiff,

v.

NICHOLAS FRANKE,

Defendant.

4:20CR352 HEA/DDN

INDICTMENT

The Grand Jury charges that:

Introduction

1. Nicholas Franke is an attorney who specialized in bankruptcy and insurance litigation, and resided in St. Louis County.

2. Nicholas Franke practiced law through The Franke Law Firm, a limited liability company he owned and controlled.

3. During the tax years 2007-2009 and 2011, Nicholas Franke received taxable income, upon which there was income tax due and owing to the United States of America. These tax liabilities totaled over \$172,000 for those years.

4. During the tax years 2013-2015, Nicholas Franke received taxable income of \$1,795,860, upon which there was income tax due and owing to the United States of America. These tax liabilities totaled over \$693,000 for those years.

5. During the tax years 2013-2015, Nicholas Franke had a legal duty to timely file a federal tax return, but he failed to do so each year.

COUNT I
TAX EVASION: 26 U.S.C. § 7201

6. Paragraphs 1-5 are realleged and incorporated by reference as if fully set forth herein.

7. From at least in or about April 2008 through January 2017, in the Eastern District of Missouri and elsewhere, the defendant,

NICHOLAS FRANKE,

did willfully attempt to evade and defeat the payment of income tax due and owing by him to the United States of America, for the calendar years 2007-2009 and 2011, by committing the following affirmative acts, among others:

- (a) Rolling over and then liquidating his individual retirement account to avoid IRS levy for his tax deficiencies;
- (b) Receiving more than \$1,700,000 in fees into the client trust account of The Franke Law Firm, LLC in 2014 and spending directly from this account, effectively shielding the funds from IRS tax collection activities.
- (c) Purchasing a 27-foot boat in the amount of \$97,207 with funds from the client trust account of The Franke Law Firm, LLC;
- (d) Writing a \$40,000 check to himself from the client trust account of The Franke Law Firm, LLC to his personal account, and then using the funds, among other things, to pay more than \$25,000 in personal credit card debt; and
- (e) Filing false Forms 4868 claiming he owed no tax for 2013-2015, though knowing that he clearly had earned significant income.

All in violation of Title 26, United States Code, Section 7201.

COUNT II
OBSTRUCTING AND ATTEMPTING TO OBSTRUCT THE IRS IN THE
ADMINISTRATION OF FEDERAL INCOME TAX LAWS: 26 U.S.C. § 7212(a)

8. Paragraphs 1-7 are realleged and incorporated by reference as if fully set forth herein.

9. In January 2017, in the Eastern District of Missouri and elsewhere, the defendant,

NICHOLAS FRANKE,

did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws by providing false information to IRS agents, while knowing this information to be false, including:

(a) telling the IRS agents that the boat he purchased in May 2015 was registered in the name of his LLC and intended for use in “entertaining clients.” When, in fact, the boat was registered in Franke’s own name and he made no attempt to depreciate this asset in his delinquently filed 2015 Form 1040, and

(b) telling the IRS agents that he did not have much income from his law practice in any of the years from 2013 through 2015. When, in fact, Franke filed delinquent Form 1040s reporting significant income, especially in 2014.

All in violation of Title 26, United States Code, Section 7212(a).

COUNT III-V
WILLFUL FAILURE TO FILE RETURN: 26 U.S.C. § 7203

10. Paragraphs 1-9 are realleged and incorporated by reference as if fully set forth herein.

11. On or about the dates listed below, in the Eastern District of Missouri and elsewhere, the defendant

NICHOLAS FRANKE,

did willfully failed to file with the IRS an income tax return (Form 1040) for the years listed below, knowing that his gross income exceeded the minimum amount of income for which the law required an income tax return to be filed, and knowing that he was required by law to file such return.

Count	Tax Year	Date of Offense	Minimum Gross Income for Filing Requirement
III	2013	April 15, 2014	\$10,000
IV	2014	April 15, 2015	\$10,150
V	2015	April 18, 2016	\$10,300

All in violation of Title 26, United States Code, Section 7203.

A TRUE BILL.

FOREPERSON

JEFFREY B. JENSEN
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